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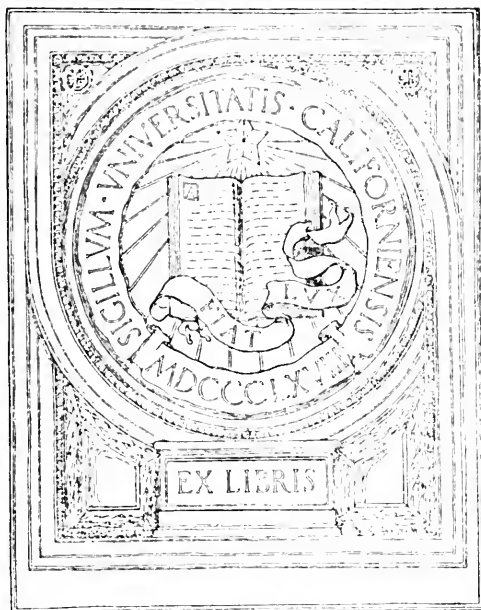


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Letter...to the Court of Directors of the East India Company on the Trade of India...

By
Richard Colley, Marquis Wellesley

UNIVERSITY OF CALIFORNIA
AT LOS ANGELES







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Great authority in the discussion
on the East India Trade.

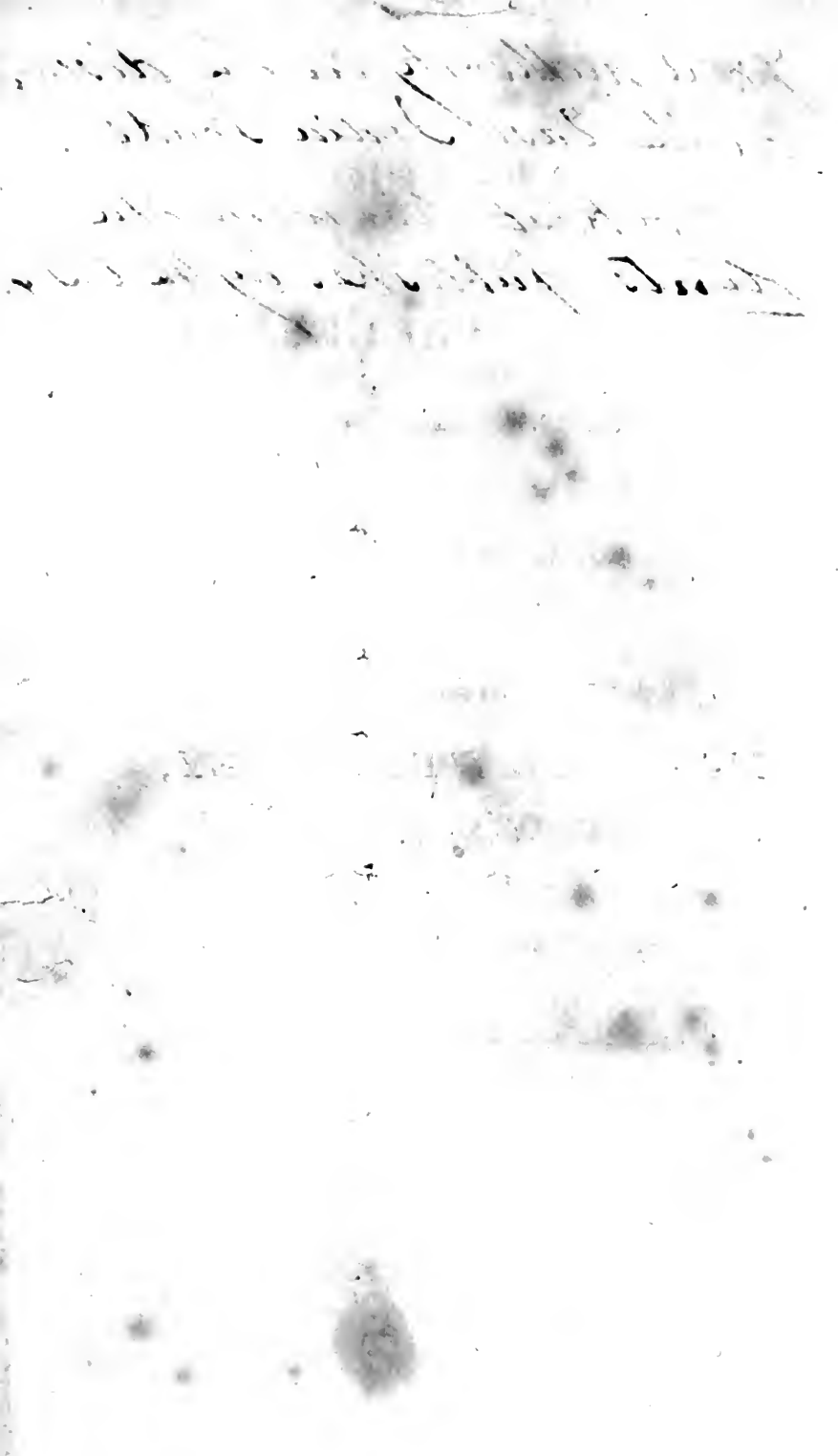
Contrast this with the
Hints published by the E. I. Com.

LETTER

FROM THE

MARQUIS WELLESLEY,

&c. &c. &c.



LETTER

FROM THE

MARQUIS WELLESLEY,

GOVERNOR GENERAL OF INDIA,

TO THE

COURT OF DIRECTORS

OF THE

EAST INDIA COMPANY,

ON THE

TRADE OF INDIA,

DATED

Fort William, 30th September, -1800.

London :

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EXCHANGE; AND BUDD, PALL-MALL.

1812

SECRET

U.S. DEPARTMENT OF THE ARMY

OFFICE OF THE CHIEF OF STAFF

MEMORANDUM

TO: THE SECRETARY OF THE ARMY

FROM: THE CHIEF OF STAFF

SUBJECT:

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PREFACE.

THE accompanying letter from the MARQUIS WELLESLEY to the COURT OF DIRECTORS, on the PRIVATE TRADE of INDIA, was published in 1801. The Court of Directors, it is true, appeared to consider, “ that from “ the various important events which had “ occurred during the short period of Lord “ Wellesley’s Government, and the appli- “ cation of his mind to other studies, he, “ though acquainted with the general prin- “ ciples of commercial policy, for which “ the COURT *also* maintain a *liberal regard*, “ had not been able perhaps to contemplate “ the effects of the proposed changes in a “ commercial country like England, with “ the lights which the position, mercantile “ experience, and habits of the members “ of the Court of Directors reflect upon it.”

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The late LORD MELVILLE, however, declared that LORD WELLESLEY's letter of the 30th September 1800, " had with clearness " and perspicuity, *ably detailed*, and, (in " Lord Melville's judgment) *demonstrated* " the grounds of those opinions, which he " (Lord Melville) had from time to time " taken the liberty of laying before the Court " of Directors upon the subject of *Indian* " *Trade*."

The publisher trusts, that he renders an acceptable service to all those Persons, (both in and out of Parliament,) who feel an interest in the RENEWAL of the COMPANY'S CHARTER, by offering to their perusal a document, which, at this moment of time, cannot fail to excite many useful reflections.

LETTER

FROM THE

MARQUIS WELLESLEY,

&c. &c. &c.

HONOURABLE SIRS,

1. HAVING deemed it to be my duty to revert, during the present season, to my plan of the 5th October 1798, for the encouragement of the private trade between India and the port of London, I now have the honour to submit to your honourable court, a view of the urgent considerations which have determined me to adopt this temporary arrangement for the current year ; and to add the reasons which induce me to hope, that your honourable court will speedily confirm my proceedings, by a permanent

system of regulation founded on similar principles.

2. Your orders of the 25th of May 1798, were not received by the governor-general in council until the 29th of October in that year, when the arrangement for the private tonnage of the season of 1798-9 had already been published, and several ships and cargoes had been already provided, according to the terms of the advertisement of the 5th of October 1798. Under such circumstances, it would neither have been just nor expedient to have disturbed that arrangement; but my dispatches in council of the 1st of March, and my separate letter of the 9th of March 1800, will have apprized your honourable court, that I had considered it to be my duty to adhere strictly, in the year 1799-1800, to your orders of the 25th of May 1798; and that, in deference to your authority, I had suspended for the season 1799-1800, the operation of the plan contained in the advertisement of the 5th of October 1798, although my conviction remained unaltered with regard to the expediency and justice of that plan.

3. I entertained a confident expectation, that I should have received, at an early period of the season, the sanction of your honourable court, for reverting to the plan of October 1798, or for adopting some arrangement equally calculated to facilitate and *encourage* the private trade between India and England; and my letter in council of the 1st of March, as well as my separate letter to your honourable court, of the 9th of March 1800, will have satisfied you of my disposition to await your final determination on this important subject, and to avoid even a temporary departure, without your direct authority, from your orders of the 25th of May 1798.

4. But I have been disappointed in my expectation of receiving an early and seasonable notification of your final commands; and the usual season for exportation from this port to Europe is already opening, under such circumstances as absolutely *compel* me to adopt a resolution, which my duty and inclination would have induced me to delay.

5. In the dispatch from the governor-

general in council to your honourable court, dated the 13th instant, I had the honour to submit to you a statement of the intended distribution in India of the tonnage provided by you, for conveying the Company's investments of Bengal, Fort St. George, and Bombay, and those of Ceylon and Fort Marlborough, to England, in the season of 1800-1.

6. From that statement, your honourable court will observe, that the expected amount of the tonnage of 1800-1 is inadequate to the demand in India, and that a large proportion of the gruff goods belonging to the Company at this presidency, and nearly the whole of the private goods,* for which the Company is *bound by law* to furnish tonnage, cannot be shipped during the season 1800-1

* The whole of the private goods of this season must be shipped in Indian shipping, with the exception of a small proportion of light goods, which may be employed to assort the cargoes of the extra ships.

N. B. This and the following notes to this letter are inserted by the governor-general himself in the original.

for England, unless ships built in India shall be employed between this port and that of London.

7. The employment of ships built in India between this port and that of London, is therefore no longer merely a question of expediency, or of liberal commercial policy. The deficiency in the tonnage expected from Europe reduces me to the absolute necessity of providing a large proportion of Indian tonnage for the service of the present season, in order to secure the conveyance of the heavy articles of your investment, and to fulfil your *legal* obligations. The only question on which I retain the power of exercising a free judgment with relation to this subject, is confined to the mode of obtaining the necessary tonnage for these indispensable purposes. ✓

8. In forming my decision on this question, it was also necessary to consider what provision should be made for the conveyance to the port of London of such goods as might be provided during the current season, by private British merchants resident in India, beyond the amount of the statu- ^

able tonnage of 3000 tons, and by what regulation the exportation of such goods should be governed. The importance and urgency of both these considerations were greatly enhanced by the actual state of the foreign trade of this port.

9. The nature of the case appeared to me to limit my decision to an option between the regulation observed in the season 1799-1800 (conformably to the orders of your honourable court of the 25th May 1798) and the plan contained in the advertisement published by the board of trade, under my orders, on the 5th of October 1798.

10. I have carefully compared the principles, objects, policy, and practical operation of both systems; and I have now the honour to lay before your honourable court the result of that comparison.

11. The orders of your honourable court of the 25th of May 1798, were framed with a view of facilitating and encouraging the private trade between India and England. The primary objects of those orders were, to protect the merchants, not being proprietors of ships, against any un-

due enhancement of the price of freight by the proprietors of ships, and to prevent persons, being proprietors of ships, and also merchants, from trading to greater advantage than such merchants as might not unite both capacities.

12. From the dispatches of the governor-general in council, dated the 1st March 1800, and from the correspondence to which those dispatches refer, your honourable court will have observed, that your order of the 25th May 1798, was considered by the merchants, for whose benefit it was intended, (particularly by the proprietors of heavy goods) to be *extremely prejudicial* to their interest.

13. Those orders were received with *equal dissatisfaction* by the proprietors of ships, who manifested the greatest reluctance to let their ships unconditionally to the Company, although the rate of freight allowed for the ships was comparatively high.

14. The same correspondence affords abundant evidence, that the proprietors of ships, and the freighters (possessing no property in ships) considered it to be for their

mutual advantage, that they should be left to make their arrangements with each other ; both parties appearing equally *adverse* to the *intervention* of the company's agency

15. Under the plan contained in the advertisement of the 5th October 1798, the proprietors of ships were enabled to make a more perfect assortment of the cargoes, to load their ships in the most advantageous and expeditious manner, to dispatch them at the most *favourable* periods of the season, and to prevent the loss which (under the plan adopted in conformity to your orders of the 25th May 1798,) the proprietors of ships sustain, by unavoidable delays in the adjustment of accounts, and in the payment of the freight by the Company in England.

16. The proprietors of ships were enabled, under the plan of October 1798, to afford the freight at a *reduced* rate, at the same time that they derived a *greater* profit on that rate than on the higher rates of freight fixed by the governor-general in council in 1799-1800, in conformity to your orders of the 25th May 1798.

17. To the merchant who is not pro-

prietor of a ship, the plan contained in the advertisement of the 5th October 1798, affords the most important advantages; he obtains a considerable *reduction* in the rate of freight; he is enabled to settle his engagements with the proprietor of the ship, previously to the purchase of goods; to purchase such goods as may be advantageously invested under the existing rates of freight; and to regulate every consignment and draft, according to the quantity of the tonnage engaged, to the period of dispatching the goods from India, and to that of their expected arrival in England.

18. The merchant is embarrassed, if compelled, *under any modification*, to depend on the Company for tonnage, for the arrangement of the rates of freight, or for the distribution of the cargo: he can neither be secure of the requisite quantity of tonnage, nor of the time of dispatching his goods from India, nor of the ship on which they may be laden, nor of the mode in which they may be distributed; and his trade is burthened with an expensive rate of freight,

Private
Merchant
B.

which deprives him of all reasonable expectation of profit.

19. The quantity of tonnage (exclusive of the goods sent in the privileges of the commanders and officers of ships) annually occupied by private goods shipped from this presidency alone, in the several years elapsed subsequent to the act of parliament in 1793, is stated in the following account :

	Tons.
1794-5 - - - -	2,473
1795-6 - - - -	5,346
1796-7 - - - -	4,659
1797-8 - - - -	3,787
1798-9 - - - -	6,223
1799-1800 - - - -	7,748

20. The correspondence of the board of trade with the governor-general in council, on the subject of the provision of tonnage, has been submitted to the consideration of your honourable court. The reports of that board, with the documents annexed to them, afford abundant proof, that a much *larger quantity* of *private* goods would have been shipped for England during the seasons enumerated in the preceding account, (particu-

larly during the year 1799-1800), if ADEQUATE ENCOURAGEMENT had been extended to the navigation and commerce of your dominions, in *ships built* in the *ports* of India; and if the British merchants resident in India had been assured of *permanent indulgence* to their trade with the port of London.

B.

21. Upon an average of the six years specified in the preceding account, about 5000 tons of private goods from Bengal *alone* were annually exported to England; the amount, therefore, of the private goods exported from Bengal alone, during that period of time, has exceeded, by 2000 tons annually, the amount of the tonnage *allotted by law* for all India. It is to be observed that a considerable portion of the total amount of these 5000 tons was annually furnished by ships *built* in India.

22. Exclusively of two ships recently engaged and provided with cargoes, to the amount of 1500 tons, the port of Calcutta now contains above 10,000 tons of shipping built in India, of a description calculated for the conveyance of cargoes to England.

This tonnage has already been tendered, and is actually at command for that purpose.

23. From the preceding statement, and from the correspondence of the governor-general in council with the board of trade, it is evident, that the wise policy which dictated the clauses of the act of parliament, passed in 1793, with respect to the trade of private merchants between India and England; has been to a great degree frustrated by the insufficiency of the tonnage furnished from England, and by the unavoidable expense and inconvenience attending the terms and manner of its provision.

24. From the quantity of private tonnage now at command in the port of Calcutta, from the state of perfection which the art of ship-building has already attained in Bengal (promising a still more rapid progress, and supported by abundant and increasing supplies of timber*); it is certain that this port will always be able to furnish

* Large and thriving plantations of teak have been made in Bengal, and the cultivation of that timber is spreading over the whole province.

tonnage, to whatever extent may be required, for conveying to the port of London the trade of the private British merchants of Bengal.

25. The considerable amount of tonnage occupied by private goods from Bengal in the years 1795-6, 1798-9, and 1799-1800, compared with the amount occupied by goods of a similar description in the years 1794-5, 1796-7, and 1797-8; affords a satisfactory proof, that the permission granted to individuals of providing their own tonnage, was equally favourable to the interest of the proprietors, and to that of the freighters of the ships.

26. This conclusion is not affected by the large quantity of goods shipped in 1799-1800, under the arrangement made in conformity to your orders of the 25th May 1798; for it is well known, that under a confident expectation of enjoying the continual advantages of the plan of 1798, the merchants had considerably extended their provision of goods for the European markets. Many from necessity, others from motives of respect to the laws, shipped their goods on the ton-

nage provided by the government, while others disposed of their goods to the *numerous foreign agents* then employed in the port of Calcutta.

27. The quantity of private goods shipped for England in 1799-1800, affords therefore, an incontrovertible proof of the eagerness and alacrity with which the British merchants, resident in Bengal, provided goods, with a view to embrace the expected opportunity of conveying their trade to London on terms of advantage; but no argument can justly be drawn from the same circumstance, to prove that the continuance of the regulations adopted in 1799-1800, would afford adequate encouragement to the private trade between India and England.

28. The preceding considerations satisfied me, that the plan of hiring ships on the part of the Company, and of re-letting them to the proprietors of ships, leaving the proprietors of ships and the merchants at liberty to settle the terms of freight, is more advantageous both to the proprietors and freighters of ships, than the arrangement adopted under your orders of the 25th of May 1798.

29. In your letter of the 25th May 1798, your honourable court appears to have intimated an opinion, that persons uniting the capacities of proprietors and freighters of ships, may trade from Bengal to the port of London, to greater advantage than merchants possessing no property in ships. It appears to me, that the difference between the actual charge incurred by merchants, being proprietors of ships, on account of the freight of their goods sent to England in their own ships, and the rate of freight paid by merchants not being proprietors of ships, cannot be deemed a profit derived by the proprietor of a ship on his goods. No person will employ any part of his capital in the purchase of property in ships, without the prospect of deriving an adequate profit on the capital so invested. I am satisfied, that it would not be practicable for the proprietors of ships in this port to maintain an effectual combination for the establishment of enhanced rates of freight. Unless such a combination should be maintained, it is to be presumed, that the profits of the proprietors of ships on their capitals invested

in ships, will never exceed, on an average, a reasonable advantage on the amount of those capitals, after defraying all the expenses of their ships. This profit must, therefore, be deemed entirely distinct from the profit which the proprietors of ships may derive on their goods conveyed to England in their own ships, and consequently, the proprietors of ships cannot be supposed to possess, in the general course and conduct of their trade, in the purchase, transportation, or sale of their goods, any material advantage over merchants who are not proprietors of ships.

30. Various additional arguments, involving consequences of a more complicated and comprehensive description, appeared to me to demand, not only that I should recur, without delay, to the plan of the 5th of October 1798, but that I should respectfully represent to your honourable court, in the most distinct terms, my decided and conscientious conviction, that the *permanent establishment* of a *systematic intercourse* between the ports of India and that of London, regulated by principles similar to those adopted by this government in October 1798, is become in-

dispensable to the united and inseparable interests of the Company and of the NATION in India.

31. Under the beneficial influence of the British government in India, combined with the increased demand, both in Europe and in America, for Indian commodities, the produce and manufactures of the British territories in India have increased to an extent far exceeding the amount, which the capital applicable to the purchase of the Company's investment can embrace.

32. The wise policy, the just pretensions, and the increasing commercial resources and political power of Great Britain in India, claim for *her subjects* the largest attainable share in the valuable and extensive commerce of such articles of Indian produce and manufacture, as are necessarily excluded from the Company's investment.

33. A large proportion of this valuable trade is already in the possession of FOREIGN NATIONS; and, unless means be immediately adopted for depriving those nations of the *undue share* which they have obtained in that trade, the most *serious consequences* are to

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be apprehended to the combined interests of the English East-India Company, and of the British Nation.

34. In the letter of the governor-general in council of the 1st March 1800, I stated to your honourable court, that the British merchants at this presidency, not having obtained the expected permission to freight their ships to the port of London in the last year, agreeably to the plan adopted in October 1798, goods to a large amount, originally intended for the port of London, had been sold to *foreigners* in the port of Calcutta, and thus diverted to the channel of the *foreign* trade. At the same time, I transmitted a list of the foreign ships, which either had sailed, or were preparing to sail from the port of Calcutta to Europe and America, in the season 1799-1800.

35. The nature and extent of that trade have since undergone a particular investigation. From the accompanying statements, your honourable court will observe, that the trade of America and Portugal with the port of Calcutta *alone*, in 1799-1800, amounted,

In Imports	- - - - -	Sicca Rupees 8,181,005*
In Exports	- - - - -	- 7,130,732†

being an increase in 1799-1800, of the trade carried on in ships bearing American and Portuguese colours, compared with the average of that trade in the three preceding years,

In Imports	- - -	Sicca Rupees 6,398,678‡
In Exports	- - -	- 4,392,768§

36. On the other hand, the imports of the British subjects in the year 1799-1800, amounted only to 4,787,101 Sicca rupees, ¶ and the exports to 6,766,649. ||

37. Of the trade carried on in foreign bottoms with the other ports in India from Europe and America, I possess no sufficiently accurate information. It is, however, known to be conducted on a very *extensive* scale.

38. In the present season, the trade conveyed in foreign bottoms, if left unrestrained,

* 1,022,623l.	† 891,296l.	‡ 7,99,534l.	§ 549,096l.
	¶ 599,637l.	845,581l.	

promises to *increase* beyond even the rapid progress of last year. From the accompanying statement, your honourable court will observe, that the port of Calcutta, at this early period of the season, contains about 8,500 tons of shipping, under American, Portuguese, and Danish colours.

39. I possess no means of forming an accurate estimate of that proportion of the foreign trade from India to Europe, and to America, which is supported by capital actually belonging to the nations, under whose flags the ships are navigated.

40. It appears, however, from the statements prepared by the reporter of external commerce, that less than *one-fourth* of the funds imported by the Americans in 1799-1800, for the purchase of their investments, was brought from America. Of the bullion, 200,000l. was imported from London, and the remainder from other parts of Europe, and from the Island of Madeira. I have not been able to ascertain the proportion of British capital employed in the trade between India and Portugal. Admitting the whole capital employed in the foreign

trade with India to belong to the nations under whose flags the ships are navigated, the undue proportion which they have obtained of that trade, to the injury of the British merchants, demands the most serious attention.

|| B.

41. The trade conveyed in the foreign ships is conducted with all the advantages of a comparatively low rate of freight, of strict economy in the management of the concern, and of voyages and returns of extraordinary expedition and celerity. The voyage from America to Calcutta, is frequently performed in less than four months. In the last season, several American ships disposed of their imports, purchased their cargo for exportation, and left the port within twenty-five, and some within twenty days from the date of their arrival.

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of freight.

|| B.
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|| B.

42. Under all the *existing impediments*, and under the uncertainty which has hitherto *embarrassed* the trade of the *British* merchants in India, it is *impossible* that his goods can reach the markets of the continent of Europe, through the channel of the public sales in England, at so low a price as the

Impediments
to England

goods conveyed directly from India to the same markets in foreign bottoms. The Company's sales in England must necessarily be affected by the quantity of Indian goods passing into the markets of the continent of Europe, through the channel of the foreign trade; and the profits of the private British merchant, whose goods are disposed of at the Company's sales, must be proportionably diminished.

43. Although the voyage by which the produce of India is conveyed in foreign ships to Europe may occasionally be circuitous, the superior advantages enumerated in the preceding paragraphs, enabled the proprietors of the goods to dispose of them at a *lower* price, than that for which the same descriptions of goods can be brought to the continental markets of Europe; if exported from India by British merchants, under the heavy freight, and* other incumbrances to which their trade is at present subject.

* The Portuguese and Americans pay only one per cent. on Indian produce imported and re-exported, by the warehousing act lately passed in Great Britain. Calicões

44. It must ever be impracticable, if it were justifiable or politic, by any restrictions or penalties on the trade of the British subjects, to prevent the increasing produce and manufactures of India from being conveyed to the markets in Europe, where a demand for such articles shall exist. Such restrictions tend to *throw the trade* into the hands of *foreign nations*, and to enable them to supply the markets of Europe, on terms which must equally affect the Company's sales in England. If the same goods which now pass to the continent of Europe through foreign hands, were brought to the Company's sales in England, the effect on the general price of articles exposed to sale at the Company's warehouses would be less prejudicial, than that now experienced from the sale of those goods in the markets on the continent

pay $2\frac{1}{2}$, muslin $7\frac{1}{2}$ per cent. on the sales, if sold for exportation; all other goods (excepting cotton, spices, bullion, &c. diamonds, precious stones, which pay no duties,) pay two per cent. exclusive of the convoy duty, payable by the importers. A reduction of those duties in England is absolutely necessary to complete the system of drawing the private trade of India to the port of London.

of Europe. The Company and the private British merchants would equally feel the advantage in the improvement of the general sales in England; and the *private trade* of India would become a *fertile source* of WEALTH and STRENGTH to the British nation, instead of contributing to the OPULENCE and AGGRANDIZEMENT of FOREIGN powers.

45. The interests of the Company and of the British nation are UNDIVIDED and INSEPARABLE, with relation to this important question. Every principle of justice and policy demands the *extension* of the utmost practicable facility to the British merchants in India, for the export from India to the port of London, of the largest possible proportion of the manufactures and produce of India, not required for the Company's investment. Such advantageous terms of freight, and such other benefits should be *opened* to the British merchants in India, as should not only *remove* every inducement to conduct the trade through *foreign* channels, but should enable the British Merchants in India to *enter into a competition* in the markets of Europe, with merchants trading in goods of

similar produce or manufacture, provided by foreign capital.

46. To foreigners the indulgence may safely be extended, of purchasing with their own capital such part of the manufactures or produce of India, calculated for the European or American markets, as may not be embraced by the capital employed in the purchase of the Company's investment, and of the cargoes of the British merchants resident in India.

47. It is, however, doubtful, whether foreign nations would be able to retain any considerable proportion of the trade from

* The Americans obtain Indian goods so much cheaper by a direct intercourse with India, than they could through the circuitous route of Europe, that they will probably continue to deal largely, even on their own capital, with India. It is now the ordinary practice of the Americans, under the last treaty of commerce, to ship cargoes in India for America, to touch at some port in America, and without trans-shipping or unloading the goods in America, to proceed directly to Europe, and to dispose of their Indian cargoes in an European port. This practice is, unquestionably, contrary to the treaty of commerce with America.

13. right. India to Europe, were the British merchants in India permitted to avail themselves of their superior means of drawing the whole of the trade to England. Their local knowledge, added to all the advantages necessarily derived from a constant residence on the spot, must always enable them to command a supply of goods, of a better quality, and at a cheaper rate than foreign merchants can obtain. In the conveyance of Indian goods to Europe rests the foreign merchant's sole advantage over the British. The superior facility which the foreign merchant enjoys, in this respect, gives him so decided a command over the trade, that he is enabled not only to *outbid* the British merchant in India, but also to *undersell* him in the markets of Europe.

48. Were the British merchants in India permitted to provide their own tonnage, as occasion might require, every reason exists to justify a belief, that they would soon possess themselves of nearly the whole of the private export trade from India to Europe, and would render London the universal mart for the manufactures and produce of Asia.

49. If the capital of the merchants in India, and the remittance of the fortunes of individuals, should not supply funds sufficient for the conduct of the whole private export trade from India to Europe, no dangerous consequences could result from applying to this branch of commerce, capital drawn directly from the British empire in Europe.

*Remittance
from India*

50. Beneficial consequences of the utmost importance would certainly result to the British empire in India, from any considerable increase of its active capital, which is known not to bear a just proportion to the productive powers of the country.

51. The necessary effect of such an increase of active capital in India, would be to augment the produce and manufactures of your dominions, to the full extent of any possible demand. The high rate of interest on money applied to mercantile purposes, and the charge of the public debt, would consequently be diminished in India; while every source, both of public and private credit, would be proportionably improved. No possibility appears of any injurious consequences resulting to the British empire in Europe from an event so advantageous to

India. It cannot be supposed that the private trade of India will ever absorb any portion of British capital, which can find more advantageous employment at home. If any portion of British capital be now employed in the American, or Portuguese, or Danish trade with India, the general interests of Great Britain will unquestionably be promoted, by inviting, under increased advantages, the application of the same funds to the trade of the private British merchants resident within the Company's dominions.

52. From whatever source the capital of the private British trade in India might be derived, the goods would be obtained in India under the same wise, humane, and salutary regulations, now enforced, with respect to the provision of every article of produce or manufacture in this country, either by the Company or by private merchants: Great Britain would enjoy all the advantages of that trade, which is *now* a source of *increasing wealth and strength* to *foreign nations*, and which tends ultimately to *introduce foreign intrigue*, to *establish foreign influence*, and to *aggrandise foreign power* in India.

*Danger
from
foreigners.*

Quere

53. It would be equally unjust and impolitic, to extend any facility to the trade of the British merchants in India, by sacrificing or hazarding the Company's rights and privileges, by injuring its commercial interests, by admitting an indiscriminate and unrestrained commercial intercourse between England and India, or by departing from any of the fundamental principles of policy, which now govern the British establishments in India.

54. It may be urged, that if a considerable proportion of the goods now exported from India to the continent of Europe by foreigners, were to be imported into England by the British merchants in India, under rates of freight more advantageous than those now paid by the Company, the demand for the Company's goods would be reduced, and the value of the Company's goods would be impaired.

55. It has already been observed, that the public sales of East-Indian goods in England must necessarily be affected by the aggregate quantity of those goods sold in the continental markets of Europe; and that the effect on the sales in England would

probably be less prejudicial, and could not be more so, if a larger proportion of the goods provided in India for the European markets, should be imported into England and sold, in the first instance, at the Company's sales.

*superior
advantages
to Company.*

56. The long establishment of the Company's factories in India, the skill of its servants; (regularly educated for the conduct of those factories,) the habitual confidence of the manufacturers in the good faith and integrity of the Company, have secured to the Company so decided a superiority in the provision of the most valuable articles of piece goods and raw silk, that no private merchant, by any practicable reduction of freight, can be enabled to rival the Company in those important articles of its investment.

57. In the first purchase of sugar and other gruff goods, the trade of the private British merchant has more nearly reached that of the Company; nor will the Company ever be able to trade advantageously in these articles, unless the government in India shall resort to ships built in India for the conveyance of such goods. The valuable branches of your investment will, it is

supposed, be always conveyed with more advantage in your regular ships.

58. If the British merchants should be permitted to employ ships built in India under the plan of October 1798, the Company's gruff goods may also be conveyed to England in ships of a similar description, at rates of freight equally advantageous with those paid by the private merchants.* The Company will therefore derive a considerable benefit in this branch of trade, from encouraging the trade of the private British merchants in India. At present, neither the Company nor the private British merchant can rival foreigners in the markets of Europe, in the less valuable articles of Indian produce and manufactures.

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benefitted*

59. It is now evident that the extra tonnage engaged in England by the Company for the service of India, can never be rendered a practicable channel, through which the British private trade of India can contend with foreign adventure. This observation

* The probable saving to the Company in the present season, by the conveyance of their gruff goods in ships built in India, may amount to 20,000l.

B.

necessarily applies with more force to the regular ships of the Company, although experience has proved those ships to be admirably calculated for the conveyance of the Company's valuable investment.

60. The plan contained in the advertisement of the 5th of October 1798, affords to the British merchants every necessary facility for the conduct of the private trade from India to England, while the important principles of the trade and government of India are preserved from hazard, and *sufficient precautions* are provided against all the *dangers* justly apprehended from an unrestricted commercial intercourse between England and India.

61. The essential object of *preventing* the resort to India of persons *unlicensed* by the Company is not effected; the powers of the government in India over *unlicensed* persons remain in *full vigour* and *efficiency*; no goods or passengers can be received in the private ships either in India or England, without the *sanction* of the Company, or of its government; the voyage to England, and the return to India, are required to be performed under the instructions and controul

of the same authority ; and as the proprietors of ships, the commanders and officers, the seamen (mostly natives of India,) and *all* the persons concerned in the immediate conduct of the trade, are *subject* to the *authority* of the British government in India, it is *always* in the power of the Company and of its government to *prevent* the perversion of an intercourse thus regulated between India and England, to any *sinister purposes*, endangering the rights and privileges of the Company, or the interests of the British Empire.

62. Omitting the difference in the rate of freight, these considerations alone are sufficient to recommend the employment of ships built in India, in the private trade between India and Great Britain : Over private ships furnished from England, the Company and their government in India could *not* exercise an equally efficient control.

63. It is remarkable, that the principle which has *hitherto* regulated the commercial intercourse between India and England, has actually occasioned the very evils which it was intended to avert.

64. The operation of this erroneous prin-

ciple has *forced* the trade between India and Europe from a channel in which it *could have* been controlled and regulated without difficulty, into the hands of *foreign* nations, where it *cannot*, without considerable difficulty, be subjected to *any degree* of control, regulation, or restraint. The same *mistaken policy* has filled the ports of India with the ships of *foreign* nations; has enabled those nations to *rival* the Company, both in Europe and in India, in many articles of its export and import trade; has invited from Europe and America, *adventurers* of every description; and, by the number and activity of these *foreign* agents, has menaced the foundations of your commercial and political interests throughout every part of Asia, and even within your own dominions.

65. If the extension of additional indulgences to the British merchants necessarily involved the admission of numerous British adventurers into India, the wisdom of your honourable court could not fail to remark, that your government can *always* with less difficulty control the operations of British, than those of foreign agents; while the

danger to be apprehended from the views and designs of foreigners, of every description, must ever be greater than any which can probably arise from an increased resort of British subjects, under such *limitations* and *restraints* as your wisdom may frame, and the vigilance of your governments in India may be enabled to enforce.

B.

66. But it does not appear probable, that any increase of the private British trade of India would necessarily produce a proportional augmentation in the number of British agents resorting to your dominions, the British merchants now resident in India being equal to the conduct of much more extensive concerns, and likely to be employed by persons engaged in commercial concerns at home, who might easily conduct their operations with India, through those British subjects actually established within your dominions.

67. On the other hand, foreigners generally deal directly with the natives, or with foreign houses of agency. The number of these houses (in consequence of the war,) is now inconsiderable; the increase of foreign adventurers will, therefore, be a necessary

Foreign
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B. consequence of any considerable increase of the trade in foreign hands. Foreign ships also being necessarily exempt from the control of the British government in Europe, offer to every emissary of the enemy, and to every dangerous political adventurer, an easy entrance into India. In proportion to the increased resort of foreign ships to our ports in India, *foreign* intrigue will find a more *ready channel* of admission. It is a well known fact, that those to whom your permission and license to visit India have been refused, usually resort to foreign ships, and thus evade your authority. The same channel is also always open to afford refuge, and the means of *escape*, to every *public defaulter* and *delinquent*, from the authority of your government in India.

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clusion
68. It is impossible to check the resort of the ships of foreign nations to India by any other regulation, than by rendering the trade *unprofitable* to *foreign* adventure: this effect cannot be accomplished, otherwise than by enabling the British merchants in India to *undersell* foreigners in the markets of Europe. A system which, under due regulation, shall afford to the British merchants in India the

greatest practicable facility of conveying their trade to England, instead of *endangering* the stability of the trade, and power of the Company and of the nation in India, will therefore constitute the most *solid basis* of security, for the preservation of both.

69. The preceding observations, may, I trust, satisfy your honourable court, that the principles of the plan of the 5th October 1798, combine the requisite indulgence to the private trade, with the indispensable precautions necessary for securing your interests in India.

70. It is not my duty to enter into any detailed discussion of the objections urged by the *ship-builders* in England, against the admission of ships built in India, to a participation in the trade from India to the port of London. It may not however be useless to add some remarks on this part of the subject.

Indian
Ships.
Quere

71. Experience having proved that tonnage cannot be furnished from England on terms, which would enable the British merchants in India to rival *foreigners* in the trade between India and Europe, the exclusion of the ships built in India from the port of

London would *not* increase the number of British ships hitherto engaged in the Indian trade in any proportion which could materially benefit the ship-builders in England. This measure, therefore, *without any proportional benefit to the ship-builders* in England, would perpetuate and aggravate the evils now experienced, from the restraints imposed on the private trade between India and England: On the other hand, by admitting ships built in India to partake of the trade to England, the ship-builders, and other artists, manufacturers and traders in England, will reap all the benefits arising from the large sums expended in the repair of the numerous ships, annually resorting to England from the ports of India. Other interests, connected with the building of ships in England, will also derive the profit resulting from the great demand for the articles necessary in the construction and outfit of the ships built in the ports of India, the fact being established, that many of those articles must necessarily be brought from England.

72. On their return to India, these ships, from the moderation of their rates of freight, will afford a most advantageous mode of con-

veyance, for such of the manufactures of the British empire in Europe, as may be demanded in India; consequently the facilities granted to the private trade, and to the ships built in India, will serve to encourage the exportation of British manufactures to Asia, to whatever extent the demand may be enlarged.

*British
Goods.*

73. I have thus carefully revised the plan contained in the advertisement of October 1798, for the encouragement of the trade of the British merchants resident in India with England; I have compared that plan with the arrangement adopted under the orders of your honourable court, of the 25th of May 1798; I have considered the probable effects of any future attempt to provide for the conveyance of the private trade of India to the port of London, either in the company's regular ships, or in extra ships hired in England; and I have adverted to the comparative practical operation of the systems adopted by this government, in the years 1798-9 and 1799-1800, as it appears on the accounts of the exports and imports of the court of Calcutta in each of those years. I have also submitted to your

examination, a combined view of the motives which induce me to revert to the plan of October, 1798, for the present season ; and to form an anxious expectation, that my conduct in this proceeding may meet with your approbation and countenance, and may become the foundation of an improved and durable system of intercourse between India and England, under the sanction of your authority.

*Activity
Foreigners.* 74. The *rapid growth* of the foreign trade during the last season, urgently demanded the *immediate interference* of your government on the spot : 'The number of foreign ships actually in the port of Calcutta ; the alacrity, enterprise, and skill of the foreign agents, now assiduously employed in providing cargoes, and the necessary inaction and languor of the British private trade, embarrassed by the restraints of the existing law, created a serious apprehension in my mind, that any further delay in the decision of this momentous question might occasion evils, of which the remedy might hereafter become considerably difficult, if not absolutely impracticable. The unrestrained progress of the foreign trade in the present season, added to its great in-

crease during the last, might have established its predominance over the private trade of British subjects, to an extent, which no future regulation might have proved sufficient to limit or restrain. The difficulty of diverting this lucrative commerce from the channel into which it had been forced, would naturally be aggravated, in proportion to the length of time during which the trade should continue to flow in that course.

75. Under these serious impressions, and convinced that a prompt decision was demanded, with a degree of exigency equal to the importance of the question at issue, I directed the accompanying notice to be published at Fort William, on the 19th instant ; and I ordered the governments of Fort St. George and Bombay to publish correspondent advertisements at those presidencies, with such modifications, as local circumstances may render indispensably necessary.

76. It will rest with your honourable court to determine, whether this plan shall be rendered permanent. A *temporary* restraint is now applied to the progress of the *foreign* trade in India during the present season ; and a *temporary* encouragement is granted, for

the same period of time to that of British subjects resident within your dominions. Ample time is thus afforded for the deliberate formation of your final judgment; the result of which I shall await with a respectful, but a confident hope, that your wisdom may approve and perpetuate the policy which dictated my orders of the 5th of October 1789, and of the 19th of September 1800; and that your liberality may confirm to all the interests effected by this important measure, the lasting enjoyment of those commercial and political advantages, which it has been my constant endeavour, under your countenance and favour, to cultivate, to improve, and to extend.

I have the honour to be,

Honourable Sirs,

With the greatest respect,

Your most obedient,

And faithful servant,

WELLESLEY.

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